

**TITLE: 83 PUBLIC UTILITIES**  
**CHAPTER I: ILLINOIS COMMERCE COMMISSION**  
**SUBCHAPTER: b PROVISIONS APPLICABLE TO MORE THAN ONE KIND OF UTILITY**  
**PART 289 REGULATORY ACCOUNTING TREATMENT FOR CLOUD-BASED**  
**COMPUTING SOLUTIONS**

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**SECTION 289.10 PURPOSE**

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**Section 289.10 Purpose**

The purpose of this Part is to provide comparable accounting treatment for Cloud-based Computing Solutions and On-premise Computing Solutions. This Part authorizes a Regulatory Accounting alternative that any Public Utility subject to the provisions of this Part may utilize in order to minimize differences in Regulatory Accounting treatment for Cloud-based Computing Solutions and On-premise Computing Solutions.

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**SECTION 289.20 DEFINITIONS**

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**Section 289.20 Definitions**

- a) "Act" means the Public Utilities Act [220 ILCS 5].
- b) "Affiliate-leased" means an item to which an affiliate of the Public Utility has legal right of possession and/or use for a contractually defined term.
- c) "Affiliate-owned" means an item to which an affiliate of the Public Utility has legal right of possession.
- d) "Cloud-based" means electronic applications, services or resources obtained from an Outside Service Provider's servers via access to the internet or other computer network.
- e) "Commission" means the Illinois Commerce Commission.
- f) "Computing Service" means a computing activity or Computing Solution provided by an Outside Service Provider and in which service the Public Utility or its affiliate does not have and will not obtain an ownership interest.
- g) "Computing Solution" means a way in which a problem or task is solved or otherwise addressed using electronic computers.
- h) "On-premise" means electronic applications, services, or resources that are provided using services and computing infrastructure owned by the Utility or its affiliate.
- i) "Financial Accounting" means the accounting treatment, rules, and reporting processes required by the Financial Accounting Standards Board (FASB) or its successor.
- j) "Outside Service Provider" means a provider of Computing Services that is not owned by, affiliated with or otherwise related to the Public Utility or an affiliate of the Public Utility.
- k) "Public Utility" shall have the same meaning as in Section 3-105 of the Act.
- l) "Regulatory Accounting" means the accounting treatment, rules, and reporting processes required by the Commission.

- m) "Regulatory Asset" means expenses that are capitalized pursuant to FASB Accounting Standards Codification Section 980-340-25-1.
- n) "Service Contract" means the legal document that governs a Public Utility's and/or its affiliate's agreement to obtain Computing Services from an Outside Service Provider. Any Service Contract extension or renewal shall be accounted for as a separate Regulatory Asset under this Part.
- o) "Service Contract Term" means the period of time during which the Outside Service Provider is obligated to provide Computing Services under the Service Contract and excludes the period associated with optional contract extensions and any period after the effective date of a Service Contract cancellation.
- p) "Utility-leased" means an item to which the Public Utility has legal right of possession and/or use for a contractually defined term.
- q) "Utility-owned" means an item to which the Public Utility has legal right of possession.

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**SECTION 289.30 APPLICABILITY**

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**Section 289.30 Applicability**

- a) The Regulatory Accounting treatment set forth in this Part shall only apply to costs within the jurisdiction of the Commission and shall be available to all Public Utilities for which the Commission regulates rates.
- b) The Regulatory Accounting treatment set forth in this Part shall apply to services rendered and costs incurred subsequent to the effective date of this Part.

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**SECTION 289.40 REGULATORY ACCOUNTING TREATMENT**

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**Section 289.40 Regulatory Accounting Treatment**

- a) A Public Utility may record as a Regulatory Asset and, subject to the Commission's determination of prudence and reasonableness in a rate case, include in rate base, those costs associated with Cloud-based Computing Solutions that would be recorded to a utility plant account in accordance with Financial Accounting requirements if the costs were for an On-premise Computing Solution, rather than a Cloud-based Computing Solution, if all the requirements in subsection (b) of this Section are met. All other costs associated with Cloud-based Computing Solutions shall be recorded in accordance with Financial Accounting requirements, Commission practice, rules, and law.
- b) A Public Utility that records a Regulatory Asset as authorized under this Part shall meet the following requirements:
  - 1. The Public Utility shall record as a Regulatory Asset only costs incurred through the period being reported for a Cloud-based Computing Solution or Computing Service.
  - 2. The Public Utility shall ensure that each Regulatory Asset is associated with a specific Service Contract.
  - 3. The Public Utility shall amortize each Regulatory Asset in accordance with the instructions in Subsection 289.40(c) of this Part.
  - 4. The Public Utility shall report specific information regarding Regulatory Assets.
    - i. For the period from the implementation of this rule through December 31, 2024, the Public Utility shall notify the Accounting Department of the Illinois Commerce at [ICC.AccountingMgr@Illinois.gov](mailto:ICC.AccountingMgr@Illinois.gov) within 60 days of the recording of each new Regulatory Asset under this Part. Such notification shall identify the type of Computing Service, Service Contract Term, and the cost set forth in the Service Contract.
    - ii. For the period from the implementation of this rule through December 31, 2024, with each rate case filing, the Public Utility shall identify each Regulatory Asset that the Public Utility recorded under this Part and included in rate base in Section 285.2010, Schedule B-2 or Section 285.2095, Schedule B-10 in accordance with Part 285 of the

Commission's rules. For each identified Regulatory Asset, the Public Utility shall provide the information set forth in 83 Ill. Adm. Code 285.6100(b)(1)-(7) [Schedule F-4].

- iii. After December 31, 2024, with each rate case filing, the Public Utility shall include all Regulatory Assets recorded under this Part when complying with 83 Ill. Adm. Code 285.6100 [Schedule F-4].
- iv. For the period from the implementation of this rule through December 31, 2024, with each rate case filing, for those Regulatory Assets identified in accordance with Subsection 289.40(b)(5) of this Part, the Public Utility shall provide to the Commission a business case analysis which demonstrates that the Public Utility has fully considered whether the Cloud-based Computing Solution is cost-effective and/or provides benefits and efficiencies to both the utility and its customers compared to a similar On-premises Computing Solution.

c) Amortization of the Regulatory Asset

- 1. Each Regulatory Asset recorded under this Part shall be amortized individually.
- 2. Each Regulatory Asset recorded under this Part shall be amortized over a period beginning with the in-service date and ending at the conclusion of the Service Contract Term with which the Regulatory Asset is associated.
- 3. In the event of a Service Contract cancellation, the remaining unamortized balance of the associated Regulatory Asset recorded under this Part shall be amortized to expense on the effective date of the Service Contract cancellation.
- 4. The amortization method used by a Public Utility to amortize any part of a Regulatory Asset under this Part remains subject to the Commission's determination of prudence and reasonableness in a rate case.